

GOVERNMENT OF TELANGANA
ABSTRACT

Irrigation & CAD Department - Setting up a Special Purpose Vehicle named "Kaleshwaram Irrigation Project Corporation – Orders – Issued.

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IRRIGATION AND CAD (Projects-II) DEPARTMENT

G.O.Ms.No.145

Dated:06-10-2015

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ORDER:-

There is a need to setup a Special Purpose Vehicle (SPV) for funding the Kaleshwaram Irrigation Project Corporation by various financial institutions.

2. Government after careful examination of the matter, hereby decided to setup Special Purpose Vehicle (SPV) named as "Kaleshwaram Irrigation Project Corporation" in order to seek financial support for Kaleshwaram Lift Irrigation scheme and implement the Project.

3. The terms of the proposed Special Propose Vehicle are as follows:

- I.** The registered office of the Corporation shall be at **Hyderabad** in the State of Telangana.
- II.** The main aim of the Special Purpose Vehicle is that it will plan, appraise, approve release funds, implement, manage, operate, monitor and evaluate the project. The Special Purpose Vehicle will be headed by a full time Chief Executive Officer and have nominees of State Government and financial institutions on its Board.
- III.** It is proposed to give complete flexibility to the Special Purpose Vehicle to implement project and the State will undertake measures for this purpose. The Special Purpose Vehicle may appoint Project Management Consultants (PMC) for designing, developing, managing and implementing projects. Special Purpose Vehicle may take assistance from any of the empanelled consulting firms for procurement of goods and services, transparent and fair procedures as prescribed under the State financial rules.

IV. The State shall ensure that :

- (a) A dedicated and substantial revenue stream is made available to the Special Purpose Vehicle so as to make it self-sustainable and could evolve its own credit worthiness for raising additional resources from the market. The State Government shall put in a capital corpus amount of Rs.100.00 crore in the Special Purpose Vehicle and the said amount shall be invested in a manner such that the returns arising there upon be used to set off corporation's expenditure.
 - (b) Government contribution for the project is used only to create infrastructure that has public benefit outcomes.
 - (c) The execution of projects will be done through turnkey contracts as per the norms specified.
4. Funds provided by the financial institutions to the Special Purpose Vehicle will be in the form of loan and kept as a **separate Fund**. These funds will be utilized only for the purposes for which the grants have been given and subject to the conditions laid down by the Government.

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5. The State Government and the financial institutions will determine the paid up capital requirements of the Special Purpose Vehicle commensurate with the following terms:

Structure and Functions

(a) Special Purpose Vehicle will be established as a Limited Company under the Companies Act, 2013 and will be promoted by the State Government and the financial institutions jointly.

(b) Board of Directors:

The Board of Directors will have representatives of State Government, financial institutions in addition to the Chief Executive Officer and Functional Directors. Additional Directors may be taken on the Board, as considered necessary. The Company and shareholders will voluntarily comply with the provision of the Companies Act, 2013 with respect to induction of independent directors. Below are given the broad terms of appointment and role of the Special Purpose Vehicle Board.

- (i) The Chairperson of the Special Purpose Vehicle will be Principal Secretary to Government, I&CAD Department or as decided by the State Government.
- (ii) The representative of the financial institutions will be a Director on the Board of the Special Purpose Vehicle.
- (iii) The Chief Executive Officer will be appointed for a fixed term of (2) Years.

(c) Composition of the Board of Directors:

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| 1. Principal Secretary to Government, I&CAD Department | - | Chairman |
| 2. Representative of Financial Institutions | - | Member/Director. |
| 3. Chief Executive Officer of the Company | - | Member Convenor |
| 4. Engineer-in-Chief | - | Member |
| 5. Director/ IMD TS Transco | - | Member |
| 6. Joint Secretary Finance Dept. | - | Member |
| 7. Chief Engineer (Projects), Karimnagar | - | Member |
| 8. Deputy Secretary to Government (P), I&CAD Department. | - | Member |
| 9. Director Ground Water Department. | - | Member |

(d) Delegation of powers

- (i) One of the primary reasons for the creation of an Special Purpose Vehicle for the Project is to ensure operational independence and autonomy in decision making and mission implementation.
- (ii) The decision making powers to the Chief Executive Officer under the rules.
- (iii) The approval or decision making powers available to the I&CAD Department to the Board of Directors of the Special Purpose Vehicle in which the State and financial institutions are represented.

- (iv) The matters that require the approval of the State Government to the State Level High Powered Steering Committee (HPSC).

(e) Raising and utilization of funds by the Company (Special Purpose Vehicle).

The funds given by the financial institutions to the Special Purpose Vehicle will be in the shape of term loan and kept in a separate Fund/Head. These funds will be utilized only for the purposes given in the Mission Statement and Guidelines and subject to the conditions laid down by the State Government.

The Special Purpose Vehicle will also access funds from other sources such as debt, loans, user charges, taxes, surcharges, etc

(f) Functions of the Chief Executive Officer include :

- (i) Overseeing and managing the general conduct of the day-to-day operations of the Special Purpose Vehicle subject to the supervision and control of the Board.
- (ii) Entering into contracts or arrangements for and on behalf of the Company in all matters within the ordinary course of the Company's business.
- (iii) To formulate and submit to the Board of Directors for approval a Human Resource Policy that will lay down procedures for creation of staff positions, qualifications of staff, recruitment procedures, compensation and termination procedures.
- (iv) Recruitment and removal of the senior management of the Company and the creation of new positions in accordance with the Company's approved budget and the recruitment or increase of employees in accordance with the Human Resource Policy laid down by the Board.
- (v) Supervising the work of all employees and managers of the Company and the determination of their duties, responsibilities and authority;

(g) The functions and responsibilities of the Special Purpose Vehicle:

- (i) Approve and sanction the projects including their technical appraisal.
- (ii) Execute the project proposal with complete operational freedom.
- (iii) Take measures to comply with the requirements of financial institutions with respect to the implementation of the Project.
- (iv) Mobilize resources within timelines and take measures necessary for the utilization of resources.
- (v) Approve and act upon the reports of a third party Review and Monitoring Agency.
- (vi) Oversee Capacity Building activities.
- (vii) Develop and benefit from inter-link ages of academic institutions and organizations.
- (viii) Ensure timely completion of projects according to set time lines.
- (ix) Undertake review of activities including budget, implementation of project.
- (x) Monitor and review quality control related matters and act upon issues arising thereof.
- (xi) Enter into contracts, partnerships and service delivery arrangements as may be required for the implementation of the Project.

(xii) Determine and collect user charges as authorized by the State Government.

(xiii) Collect taxes, surcharges etc. as authorized by the State Government.

6. The State Government shall enter the following agreements with the Kaleshwaram Irrigation Project Corporation.

- (i) Lease and licence agreements whereby the assets proposed to be created under the Lift Irrigation scheme are transferred in the name of the said Special Purpose Vehicle. Further, these assets will be valued on marked value basis.
- (ii) Development Agreement whereby the entire project will be developed and maintained by the said Corporation.
- (iii) Interest and Principal Funding Agreement – The State Government shall also enter into an agreement with the Corporation to transfer interest charged on loans and repayment of principal, as and when it is due.

7. The Chief Engineer (Projects), Irrigation, LMD Colony, Karimnagar is requested to get registered the Kaleshwaram Irrigation Project Corporation (Special Purpose Vehicle) under Companies Act as per norms.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**SHAILENDRA KUMAR JOSHI
PRINCIPAL SECRETARY TO GOVERNMENT**

To

The Chief Engineer (Projects), Irrigation, LMD Colony, Karimnagar

The Accountant General, Hyderabad.

The Assistant Pay & Account Officer, LMD Colony, Karimnagar, Telangana

The Director of works and Accounts, Hyderabad.

Copy to:

The PS to Hon'ble Minister (Irrigation)

The PS to Principal Secretary, I&CAD Department

The Law (A) Dept.

// FORWARDED : : BY ORDER //

SECTION OFFICER